

TOWN OF STRATFORD, OKLAHOMA

Financial Statements
As of June 30, 2021

With Accountants Report Thereon

TOWN OF STRATFORD, OKLAHOMA

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

American Institute of Certified Public Accountants

Members

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Board of Trustees
Town of Stratford
Stratford, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratford, Oklahoma (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in modified cash basis financial position, and where applicable cash flows, for the year then ended in conformity with the modified cash basis of accounting.

Basis of Accounting

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratford, Oklahoma's basic financial statements. The accompanying schedule of federal, state and local awards is the responsibility of management, derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal, state and local awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Town of Stratford

Wilson, Dotson & Associates

Wilson, Dotson & Associates, P.L.L.C.
Shawnee, Oklahoma

April 4, 2022

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TOWN OF STRATFORD, OKLAHOMA
Statement of Net Assets – Modified Cash Basis
June 30, 2021

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash in Bank - Unrestricted	\$ 1,530,468	1,303,031	2,833,499
Cash in Bank - Restricted	-	65,567	65,567
Certificate of Deposit	37,276	57,489	94,765
Due From Other Funds	137,710	-	137,710
Total Current Assets	<u>1,705,454</u>	<u>1,426,087</u>	<u>3,131,541</u>
Capital Assets:			
Land	84,571	-	84,571
Buildings	803,916	-	803,916
Autos, Trucks and Equipment	562,771	135,944	698,715
Water and Sewer System Equipment	-	513,632	513,632
Accumulated Depreciation	(1,099,844)	(418,871)	(1,518,715)
Capital Assets, Net	<u>351,414</u>	<u>230,705</u>	<u>582,119</u>
 Total Assets	 <u>\$ 2,056,868</u>	 <u>1,656,792</u>	 <u>3,713,660</u>

The accompanying notes are an integral part of these financial statements.

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll Taxes Payable	\$ 311	494	805
Meter Deposits	-	63,906	63,906
Due to Other Funds	-	137,710	137,710
Total Current Liabilities	<u>311</u>	<u>202,110</u>	<u>202,421</u>
 Total Liabilities	 <u>311</u>	 <u>202,110</u>	 <u>202,421</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	351,414	230,705	582,119
Restricted	-	65,567	65,567
Unrestricted	<u>1,705,143</u>	<u>1,158,410</u>	<u>2,863,553</u>
Total Net Assets	<u>2,056,557</u>	<u>1,454,682</u>	<u>3,511,239</u>
 Total Liabilities and Net Assets	 <u>\$ 2,056,868</u>	 <u>1,656,792</u>	 <u>3,713,660</u>

TOWN OF STRATFORD, OKLAHOMA
Statement of Activities – Modified Cash Basis
For the Year Ending June 30, 2021

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 128,757	-	-	-
Public Safety	406,755	-	-	-
Street	14,339	-	-	-
Cultural and Recreational	21,139	-	-	-
Cemetery	1,181	-	-	-
Project Expenditures	229,190	-	-	-
Depreciation	76,912	-	-	-
Total Governmental Activities	878,273	-	-	-
Business-type Activities				
Stratford Public Works Authority				
Water	-	411,485	-	-
Sewer	-	184,591	-	-
Garbage	-	148,266	-	-
Personal Services	268,571	-	-	-
Maintenance and Operations	274,076	-	-	-
Depreciation	22,141	-	-	-
Interest	5,271	-	-	-
Stratford Community Development Authority				
Rental Income	-	-	-	-
General Government	3	-	-	-
Depreciation	-	-	-	-
Interest	-	-	-	-
Total Business-type Activities	570,062	744,342	-	-
Total Primary Government	\$ 1,448,335	744,342	-	-

General Revenues
Taxes
Intergovernmental
Charge for Services
Grant Revenue
Fines
Investment Earnings
Miscellaneous
Donations
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning

Net Assets Ending

The accompanying notes are an integral part of these financial statements.

Net Revenues (Expenses)
and Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (128,757)	-	(128,757)
(406,755)	-	(406,755)
(14,339)	-	(14,339)
(21,139)	-	(21,139)
(1,181)	-	(1,181)
(229,190)	-	(229,190)
(76,912)	-	(76,912)
(878,273)	-	(878,273)
-	411,485	411,485
-	184,591	184,591
-	148,266	148,266
-	(268,571)	(268,571)
-	(274,076)	(274,076)
-	(22,141)	(22,141)
-	(5,271)	(5,271)
-	-	-
-	(3)	(3)
-	-	-
-	-	-
-	174,280	174,280
-	174,280	(703,993)
712,842	-	712,842
33,048	-	33,048
14,876	-	14,876
292,747	-	292,747
95,372	-	95,372
5,572	489	6,061
89,760	19,974	109,734
826	-	826
-	-	-
1,245,043	20,463	1,265,506
366,770	194,743	561,513
1,689,787	1,259,939	2,949,726
\$ 2,056,557	1,454,682	3,511,239

TOWN OF STRATFORD, OKLAHOMA

Governmental Funds

Balance Sheet – Modified Cash Basis

June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 1,491,923	38,545	1,530,468
Certificates of Deposit	37,276	-	37,276
Total Assets	<u>\$ 1,529,199</u>	<u>38,545</u>	<u>1,567,744</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll Tax Liability	311	-	311
Total Liabilities	<u>311</u>	<u>-</u>	<u>311</u>
<u>FUND BALANCE</u>			
Unreserved	1,528,888	38,545	1,567,433
	<u>1,528,888</u>	<u>38,545</u>	<u>1,567,433</u>
Total Liabilities, Reserves, and Fund Equity	<u>\$ 1,529,199</u>	<u>38,545</u>	<u>1,567,744</u>
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities as of June 30, 2020			
Total Governmental Fund Balances			\$ 1,567,433
Amounts reported for governmental activities in the statement of net assets are different because:			
Amount Due from Stratford Public Works Authority			137,710
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements			<u>351,414</u>
Net Assets of Governmental Activities			<u>\$ 2,056,557</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances – Modified Cash Basis
For the Year Ending June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 712,842	-	712,842
Intergovernmental	33,048	-	33,048
Charges For Service	14,611	265	14,876
Grant Revenue	85,617	207,130	292,747
Fines and Forfeitures	95,372	-	95,372
Miscellaneous	118,689	-	118,689
Investment Income	286	15	301
Donations	826	-	826
Total Revenues	<u>1,061,291</u>	<u>207,410</u>	<u>1,268,701</u>
Expenditures			
Administration	132,866	891	133,757
Municipal Court	6,000	-	6,000
Police	174,741	-	174,741
Fire	21,136	-	21,136
Ambulance	204,878	-	204,878
Sr. Citizens	8,267	-	8,267
Library	11,965	907	12,872
Street	14,339	-	14,339
Cemetery	371	810	1,181
Capital Outlays	-	2,520	2,520
Grant Expenditures	-	229,190	229,190
Total Expenditures	<u>574,563</u>	<u>234,318</u>	<u>808,881</u>
Excess of Revenues Over (Under) Expenditures	486,728	(26,908)	459,820
Other Financing Sources (Uses)			
Operating Transfers In	-	2,183	2,183
Operating Transfers (Out)	(2,183)	-	(2,183)
Total Other Financing Sources (Uses)	<u>(2,183)</u>	<u>2,183</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	484,545	(24,725)	459,820
Beginning Fund Balance - July 1	<u>1,044,343</u>	<u>63,270</u>	<u>1,107,613</u>
Ending Fund Balance - June 30	<u>\$ 1,528,888</u>	<u>38,545</u>	<u>1,567,433</u>
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities for the Year ending June 30, 2020			
Excess of Revenues Over (Under) Expenditures			\$ 459,820
Principle payments on Due from Stratford Public Works Authority recorded as a reduction of due from on the government wide financial statements			(23,658)
Capital Outlays not recorded as expense in the governments wide financial statements, but recorded as expense in the fund financial statements			7,520
Depreciaton expense recorded in the governments wide financial statements, but not recorded in the fund financial statements			<u>(76,912)</u>
Change in net assets of governemntal funds			<u>\$ 366,770</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA
Proprietary Fund
Statement of Net Assets – Modified Cash Basis
June 30, 2021

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
<u>ASSETS</u>			
Current Assets			
Cash in Bank - Unrestricted	\$ 1,300,317	2,714	1,303,031
Cash in Bank - Restricted	65,567	-	65,567
Certificate of Deposit	57,489	-	57,489
Total Current Assets	<u>1,423,373</u>	<u>2,714</u>	<u>1,426,087</u>
Noncurrent Assets			
Capital Assets (Net)	<u>230,705</u>	-	<u>230,705</u>
Total Noncurrent Assets	<u>230,705</u>	-	<u>230,705</u>
Total Assets	<u><u>\$ 1,654,078</u></u>	<u><u>2,714</u></u>	<u><u>1,656,792</u></u>
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll Taxes Payable	494	-	494
Meter Deposits Payable	63,906	-	63,906
Due to Town General Fund	<u>137,710</u>	-	<u>137,710</u>
Total Current Liabilities	<u>202,110</u>	-	<u>202,110</u>
Total Liabilities	<u>202,110</u>	-	<u>202,110</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	230,705	-	230,705
Restricted	65,567	-	65,567
Unrestricted	<u>1,155,696</u>	<u>2,714</u>	<u>1,158,410</u>
Total Net Assets	<u>1,451,968</u>	<u>2,714</u>	<u>1,454,682</u>
Total Liabilities and Net Assets	<u><u>\$ 1,654,078</u></u>	<u><u>2,714</u></u>	<u><u>1,656,792</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA

Proprietary Funds

Statement of Revenues Over (Under) Expenditures and Changes in Net Assets – Modified Cash Basis
For the Year Ending June 30, 2021

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
Operating Revenue			
Water	\$ 393,115	-	393,115
Sewer	184,591	-	184,591
Garbage	148,266	-	148,266
Miscellaneous Income	19,974	-	19,974
Late Fees	18,370	-	18,370
Total Operating Revenue	764,316	-	764,316
Operating Expenses			
Personal Services	268,571	-	268,571
Maintenance and Operations	255,597	-	255,597
Utilities	18,479	-	18,479
General Government	-	3	3
Depreciation	22,141	-	22,141
Total Operating Expenses	564,788	3	564,791
Net Operating Income	199,528	(3)	199,525
Non-Operating Revenue (Expense):			
Interest Earned	488	1	489
Interest Expense	(5,271)	-	(5,271)
Transfers From General Fund	-	-	-
Net Non-Operating Revenue (expense)	(4,783)	1	(4,782)
Net Income	194,745	(2)	194,743
Beginning Net Position - July 1	1,257,223	2,716	1,259,939
Ending Net Position - June 30	\$ 1,451,968	2,714	1,454,682

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA
Proprietary Funds
Statement of Cash Flows – Modified Cash Basis
For the Year Ending June 30, 2021

	Stratford Public Works Authority	Statford Industrial Authority	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 764,316	-	764,316
Payment to Employees	(268,571)	-	(268,571)
Payment to Suppliers	(271,447)	(3)	(271,450)
Net Cash Provided by Operating Activities	<u>224,298</u>	<u>(3)</u>	<u>224,295</u>
Cash Flow from Capital and Related Financing Activities:			
Purchase of Capital Assets	-	-	-
Increase in Due to Town General Fund	-	-	-
Transfer from Town General Fund	-	-	-
Interest Earned	488	1	489
Principal Payments	(23,658)	-	(23,658)
Interest Payments	(5,271)	-	(5,271)
Net Cash Provided (Used) from Capital and Related Financing Activities:	<u>(28,441)</u>	<u>1</u>	<u>(28,440)</u>
Net Increase (Decrease) in Cash and Investments	195,857	(2)	195,855
Cash and Investments - Beginning of Year	<u>1,227,516</u>	<u>2,716</u>	<u>1,230,232</u>
Cash and Investments - End of Year	<u><u>\$ 1,423,373</u></u>	<u><u>2,714</u></u>	<u><u>1,426,087</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA
Proprietary Funds
Statement of Cash Flows – Modified Cash Basis
For the Year Ending June 30, 2021

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ 199,528	(3)	199,525
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	22,141	-	22,141
Changes in:			
Meter Deposits Payable	2,522	-	2,522
Accrued Expenses	107	-	107
Net Cash Provided by Operating Activities	<u>\$ 224,298</u>	<u>(3)</u>	<u>224,295</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies

The Town of Stratford, Oklahoma is a Statutory Town under Title II, Chapter 12 of the Oklahoma Statutes. The Town is governed by a Board of Trustees who elect among each other a mayor.

The Town provides a full range of services for its citizens. These services include police and fire protection, collection and disposal of refuse, water and sewer services, storm water management, parks and recreation facilities, libraries, and maintenance of streets and highways.

The following is a summary of the significant accounting policies of the Town of Stratford, Oklahoma:

As discussed further in this note, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2021, the Town has two component units, the Stratford Public Works Authority and Stratford Industrial Authority.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b) Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds, Library, Capital Improvement and cemetery care fund.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds: Stratford Public Works Authority and Stratford Industrial Authority.

Interfund Balances and Transfers

Interfund Balances

As of and for the year ending June 30, 2021, the Town had \$137,710 interfund receivables/payables.

Transfers In and Out

The Town will transfer funds within the Town's fund structure in order to facilitate cash flow or for special purposes. The Town had \$0 on transfers during the year ending June 30, 2021.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a) All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Measurement Focus (Continued)

sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b) The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Financial Position

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Restricted Cash

Restricted cash consists meter fund monies of \$65,567. As of June 30, 2021 the monies held as restricted exceeded the actual liability of \$63,906.

Long Term Debt

Government-Wide Statements Government

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. As of June 30, 2021, the Town did not have any Long-Term debt.

Fund-Financial Statements

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Net Position/Fund Balance Classifications

Government-Wide Statements

Net Position is classified and displayed in three components:

- 1.) *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Net Position is classified and displayed in three components: (Continued)

- 2.) *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- 3.) *Unrestricted* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable. Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted. Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed. Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority. (In the case of the Town of Stratford, commitments are evidenced by adoption of an ordinance by the Town Council.)

Assigned. Amounts constrained by the Town's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the Town of Stratford, assignments are evidenced either by resolution of the Town Council or by the Town Manager in written form as approved by vote of the Town Council pursuant to Town policy.)

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Governmental Funds (Continued)

Unassigned. The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Town's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Town policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The Town has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities, modified cash-basis revenues that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity: General Government, Police, Fire, Cemetery, Nutrition, Municipal Court, Community Center, Streets & Alley, and Public Works.

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements. None.

Note 3. Deposits with Financial Institutions

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Stratford is considered a separate entity from the Stratford Public Works Authority and the Stratford Industrial Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

- 1.) Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
- 2.) Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
- 3.) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Stratford's government and enterprise fund cash and C.D. accounts would be considered as category I up to its FDIC limits of \$250,000 for the governmental funds, \$250,000 for the Stratford Public Works Authority and \$250,000 for the Stratford Industrial Authority. The remaining funds would be category 3.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 4. Capital Assets

	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
Land	\$ 84,571	-	-	84,571
Buildings	796,396	7,520	-	803,916
Equipment	562,771	-	-	562,771
Total Capital Assets	<u>1,443,738</u>	<u>7,520</u>	<u>-</u>	<u>1,451,258</u>
Accumulated Depreciation	<u>(1,022,932)</u>	<u>(76,912)</u>	<u>-</u>	<u>(1,099,844)</u>
Capital Assets - Net	<u>\$ 420,806</u>	<u>(69,392)</u>	<u>-</u>	<u>351,414</u>
	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021
Business Activities:				
Land	\$ -	-	-	-
Building	-	-	-	-
Autos, Trucks & Equipment	135,944	-	-	135,944
Water and Sewer System	513,632	-	-	513,632
Total Capital Assets	<u>649,576</u>	<u>-</u>	<u>-</u>	<u>649,576</u>
Accumulated Depreciation	<u>(396,730)</u>	<u>(22,141)</u>	<u>-</u>	<u>(418,871)</u>
Capital Assets - Net	<u>\$ 252,846</u>	<u>(22,141)</u>	<u>-</u>	<u>230,705</u>

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2021

Note 5. Long-Term Debt

As of June 30, 2021 the Town of Stratford, Stratford Public Works Authority and the Stratford Industrial Authority had no long-term debt.

Note 6. Retirement Plan

The Town of Stratford's employees participate in a retirement plan with OMRP. The Town's firefighters participate in the Firefighters pension.

Note 7. Subsequent Events

Subsequent events have been evaluated through April 4, which is the date the financial statements were issued.

Note 8. Risk Management

The Town is exposed to various risks of losses related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended.

TOWN OF STRATFORD, OKLAHOMA
Schedule of Expenditures of Federal, State and Local Awards
Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>State of Oklahoma Office of Management and Enterprise Services</u>				
CARES Act Funding			\$ 85,617	85,617
			<u>85,617</u>	<u>85,617</u>
<u>Southern Oklahoma Development Association</u>				
Improve Drainage/Install Tinhorns		20-004	14,228	14,228
			<u>14,228</u>	<u>14,228</u>
<u>Oklahoma Department of Commerce</u>				
Water/Wastewater Engineering Award		17511 CDBG 19	187,642	187,642
			<u>187,642</u>	<u>187,642</u>
<u>Oklahoma Department of Libraries</u>				
CARES Act PPE Grant	45.310		1,000	1,000
OLA/Grow with Google Grant			1,000	1,000
Annual Library Aide Grant			2,260	2,260
			<u>4,260</u>	<u>4,260</u>
<u>Walmart</u>			<u>1,000</u>	<u>1,000</u>
Total			<u>\$ 292,747</u>	<u>292,747</u>

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
Of the Board of Trustees
Town of Stratford
Stratford, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratford, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Oklahoma's basic financial statements and have issued our report thereon dated April 4, 2022. The report was a special report on the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Town of Stratford, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stratford, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stratford, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Town of Stratford

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stratford, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma

April 4, 2022

**TOWN OF STRATFORD
Stratford, Oklahoma**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021**

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**TOWN OF STRATFORD
Stratford, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021**

There were no prior year findings.